



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 10/24/2005

GAIN Report Number: MX5097

Mexico

Agricultural Situation

Weekly Highlights and Hot Bites, Issue #36

2005

Approved by:

David Williams
U.S. Embassy

Prepared by:

Dulce Flores, Gabriel Hernandez, Benjamin Juarez, and Erich Kuss

Report Highlights:

- GOM ANNOUNCES RESPONSE PLAN ON BIRD FLU CONCERNS
- PLAN AGAINST AI OUTBREAKS STARTS
- MEXICAN AND U.S. OFFICIALS MEET IN MEXICO CITY TO DISCUSS TECHNICAL ISSUES ON AVIAN INFLUENZA
- USAPEEC MEXICO DISTRIBUTES INFORMATION ON AI FACTS
- CORN PRODUCERS SUPPORT HFCS PRODUCTION WITH DOMESTIC INPUTS
- BEAN HARVESTS IN ZACATECAS AND DURANGO HURTING
- CAMPESINO NATIONAL CONFEDERATION URGES THE GOM TO REVISE NAFTA AGRICULTURE CHAPTER

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

GOM ANNOUNCES RESPONSE PLAN ON BIRD FLU CONCERNS

Health Secretary Julio Frenk on Thursday October 20, 2005, announced a national preparation-and-reaction plan in the event that the bird flu now affecting parts of Asia turns into a human pandemic. The plan, a joint effort between numerous Mexican federal agencies, includes Mexico on a list of the first countries that would receive a vaccine against a human strain of the flu when and if it is developed. It also sets aside 600 million pesos (roughly U.S. \$55 million) that will be partly used to invest in technology that would enable Mexico to develop such a vaccine here in the future. The money also will be used to obtain a stockpile of existing anti-viral drugs and antibiotics, as well as protective material for health personnel, and to fund nationwide monitoring for the detection of early cases of a potential human strain of the bird flu. If the bird flu were to mutate into a humanly transmittable disease and a worldwide pandemic broke out Mexican officials have estimated 10 percent to 25 percent of the Mexican population would be affected. Mexico has been working on a response plan, in conjunction with various international health agencies, since the beginning of the year, Frenk said, noting that the United States, Canada and Mexico also previously agreed to work together on the issue. Mexico's actions mirrored that of other regions in the world, including the European Union, which announced plans Wednesday for an exercise simulating a human flu pandemic. Experts have been working since 1996 to prevent the outbreak and spread of the bird flu in Mexico, and there are currently no cases in the country, Frenk said. He said officials have carefully monitored the borders to prevent viruses affecting birds from spreading to Mexico, and have instituted procedures on farms and production plants to prevent such outbreaks. President Vicente Fox approved the national response plan for a potential human pandemic earlier Thursday during a meeting of several cabinet members. (Source: El Universal; 10/21/2005)

PLAN AGAINST AI OUTBREAKS STARTS

The Government of Mexico's speaker Ruben Aguilar said that Mexico's National Security Board Plan against AI will be operational on Thursday, October 20th, but in the meanwhile the epidemiology surveillance activities were intensified. Aguilar stated that currently Mexico does not record any AI case nor a possibility of threatening outbreaks. He went further to officially declare that Mexico does not import the kind of birds that could act as carrier of the virus. The monitoring measures include a permanent communication with sanitary authorities from other countries. Moreover, Aguilar said that the National Security Board, besides the Secretaries of Health (SSA) and Agriculture (SAGARPA), also includes the Secretaries of National Defense, Marine, Interior, Public Security and the Public Function. Simultaneously, the Congress urged the appropriate agricultural authorities to implement a bio-security zone in the Chiapas, Sonora, Sinaloa and Yucatan areas, which are considered

the most likely to receive birds that could be the carrier of the AI virus into the country. (Source: Reforma on line; 10/19/2005)

MEXICAN AND U.S. OFFICIALS MEET IN MEXICO CITY TO DISCUSS TECHNICAL ISSUES ON AVIAN INFLUENZA

Early last week, more than 70 veterinarians representing the poultry industry throughout Mexico, along with agriculture and industry officials from the U.S. and Mexican governments, gathered together to discuss technical issues related to avian influenza (AI). The symposium was held under the NAFTA Egg and Poultry Partnership (NEPP) signed between both USAPEEC and the Mexican Poultry Producers Association (UNA) some years ago. The opening speakers stressed the importance of both industries and governments working together to protect the animal health status in North America. USDA/APHIS officials and other U.S. speakers also gave presentations on the new World Organization of Animal Health (OIE) AI code, epidemiology and sanitary programs to prevent and eradicate any outbreak of AI in the United States under the National Poultry Improvement Plan (NPIP). (USAPEEC Monday Line; 10/19/2005)

USAPEEC MEXICO DISTRIBUTES INFORMATION ON AI FACTS

USAPEEC Mexico has sent local newsletter called "Entre Amigos" to more than 1,000 local trade contacts, including GOM top officials and trade associations. The newsletter, in Spanish, is the translation of the AI Q&A report and flyer prepared by the National Chicken Council and the National Turkey Federation. The materials are also available on both USAPEEC Atlanta and Mexico web sites. Of note is the fact that the H5N1 virus has never been found in Mexico, Canada, and the United States - nor, in fact, in any country on the American Continent. (Source: USAPEEC Mexico; 10/19/2005)

CORN PRODUCERS SUPPORT HFCS PRODUCTION WITH DOMESTIC INPUTS

On October 13, the sugar mill industry placed advertisements in the local newspapers protesting the government's agreement to exchange, under NAFTA, 250,000 MT of imported U.S. fructose for 250,000 MT of sugar to be exported to the U.S., alleging that more fructose will create higher sugar stocks. The advertisement indicates that the Mexican fructose industry produces fructose with imported U.S. yellow corn under special duties. In response, the industry representing the fructose producers (IDAUQUIM) advertised on October 18, in the local newspapers that fructose has been produced in Mexico since 1995 and it uses domestically produced yellow corn, using domestic labor and other inputs, the same as domestic sugar. IDAUQUIM stressed that the industry has been using domestic yellow corn and continues to increase usage of domestically produced yellow corn for fructose production. Furthermore, the National Association of Corn Producers also had an advertisement indicating that they just signed a contract with IDAUQUIM for a million metric tons of yellow corn that guarantees that producers will be able to sell their crop even before it is planted, for the 2005/06 winter cycle. This contract is expected to supply the Mexican fructose companies with about 50 percent of their needs for yellow corn. The advertisement also indicates that 800,000 MT of corn were contracted for during the previous growing cycle. Additionally, the Corn Producers Association called for the Congress to cancel the 20 percent tax on the use of HFCS in soda drinks produced with domestic fructose. (Source: El Economista, Reforma 10/13/05, La Jornada, Reforma 10/18/05)

BEAN HARVESTS IN ZACATECAS AND DURANGO HURTING

While recent heavy rains have wreaked havoc on areas in the nation's southernmost areas as well as in northern Nuevo Leon state, bean farmers in Zacatecas and Durango say they

are suffering from droughts that have devastated their harvests. In Zacatecas, a spokesman for a bean-growers union said that the lack of rain has resulted in a loss of 150,000 tons of beans from this year's harvest almost half of the typical 350,000-ton harvest. Considering that Zacatecas produces 40 percent of the nation's beans, and that the legume is a major food staple for many Mexicans, the result of the poor harvest could have far-reaching consequences. As a result, state authorities are asking the federal government to declare the state's bean-producing region a disaster area. However, while federal disaster funds could help to mitigate the financial losses of Zacatecas' farmers, crop losses are too late to address, say farmers. "Even if it rained in the next few days, the disaster would not be reversible," said Jesus Padilla Estrada, president of the State Union of Dry Bean Producers. Meanwhile, the situation has been no better in neighboring Durango state, where bean farmers have endured the driest season in 80 years. "While God has sent too much water to other areas (of Mexico)," said Celso Garcia, a farmer from the town of Guadalupe Victoria, "here, it hardly rained at all in August, and since September, the rains have completely abandoned us." According to state agricultural officials, the lack of rain will result in a statewide bean harvest of less than 300 kilograms per hectare, as compared to a normal year when farmers can expect to extract between 800 and 1,200 kilos per hectare. Guadalupe Navarrete Ramirez, a bean grower from outside the city of Durango, is anticipating losses along that scale. "Last year, I took in 12 tons because there was a lot of rain," he said, "but now I'm going to harvest only about three." (Source: El Universal; 10/17/2005)

CAMPESINO NATIONAL CONFEDERATION URGES THE GOM TO REVISE NAFTA AGRICULTURE CHAPTER

The Campesino National Confederation (CNC) asked the GOM to convince their trading partners from the United States and Canada that the NAFTA agricultural chapter should be revised. In 2008 the final stage of implementation is scheduled to take place, when powdered milk, dry bean, corn and sugar imports will be free of import duties and TRQ restrictions. The CNC stated that poverty and hunger in the countryside has increased due to the fall in grain prices, the increase of production costs, and the lack of financing. (Source: La Jornada; 10/17/2005)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

MX5096	Dairy Annual	10/20/05
MX5095	Trade Policy Monitoring Report	10/14/05
MX5094	Mexico Announced The White Corn Allocation Rules For 2005	10/14/05
MX5093	Weekly Highlight and Hot Bites, Issue #35	10/14/05
MX5092	Strawberries Annual	10/14/05
MX5090	Weekly Highlight and Hot Bites, Issue #34	10/04/05
MX5089	Mexico to Issue Import Permits for U.S. Fructose	10/04/05
MX5088	Weekly Highlights and Hot Bites, Issue #33	9/28/05
MX5087	Preliminary Dumping Duty - Apples	09/30/05
MX5086	Export Certificate Report	09/29/05
MX5085	Sugar Semi-Annual	09/23/05

We are available at <http://www.fas-la.com/mexico> or visit our headquarters' home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

FAS/MEXICO EMAIL

To reach us at FAS/Mexico:

AgMexico@usda.gov, ATOMexico@usda.gov, or
ATOMonterrey@usda.gov